

Message Text

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ORIGIN EB-08

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FM SECSTATE WASHDC
TO AMEMBASSY BUENOS AIRES

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E.O. 11652: N/A

TAGS: ETRD, US, AR

SUBJECT: ADMINISTRATION OF SPECIALTY STEEL IMPORT RELIEF
PROGRAM

REF: (A) BUENOS AIRES 2959 (B) STATE 61743

1. IN A NOTE PRESENTED IN RESPONSE TO AN INVITATION FOR
THE SUBMISSION OF INTERESTED PARTY VIEWS ON THE POSSIBLE
REALLOCATION OF SPECIALTY STEEL QUOTA SHORTFALLS (REFTEL
B), THE ARGENTINE EMBASSY INDICATED THAT ARGENTINE
PRODUCERS WERE SEEKING TO DEVELOP STABLE SUPPLIER RELATIONS
WITH UNITED STATES USERS AND SUGGESTED THE APPROACHES
REPORTED IN REFTEL A AS POSSIBLE WAYS OF ACHIEVING THAT
OBJECTIVE. IN OUR RESPONSE WE HAVE POINTED OUT THAT IF
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THE USG WERE TO MEET THE ARGENTINE REQUEST WE WOULD ALSO
HAVE TO MEET THOSE OF MANY OTHER SUPPLYING COUNTRIES
SEEKING TO SELL LARGER QUANTITIES OF SPECIALTY STEEL IN
THE UNITED STATES MARKET. THE RESULTING LARGE SCALE
INCREASE IN THE ENTRY OF SPECIALTY STEEL PRODUCTS INTO THE
UNITED STATES WOULD NOT BE CONSISTENT WITH THE
PURPOSE OF THE IMPORT RELIEF PROGRAM. THE SUBSTANTIVE

PORION OF OUR RESPONSE IS AS FOLLOWS:

QUOTE. THE DEPARTMENT OF STATE APPRECIATE THE CONSIDERATIONS UNDERLYING THE PROPOSALS ADVANCED BY THE EMBASSY FOR INCREASING SHIPMENTS OF ARGENTINE SPECIALTY STEEL TO THE UNITED STATES. IT WOULD LIKE TO OBSERVE, HOWEVER, THAT THE GOVERNMENT OF THE UNITED STATES HAS DETERMINED THAT IT IS NECESSARY TO LIMIT AGGREGATE IMPORTS OF SPECIALTY STEEL FROM ALL COUNTRIES TO OVERALL LEVELS COMPARABLE TO THOSE PROPOSED BY THE UNITED STATES INTERNATIONAL TRADE COMMISSION FOLLOWING ITS FINDING THAT INCREASED IMPORTS ARE A SUBSTANTIAL CAUSE OF SERIOUS INJURY TO THE DOMESTIC INDUSTRY. THE OVERALL LEVELS REFLECT UNITED STATES IMPORTS OF THE VARIOUS CATEGORIES OF SPECIALTY STEEL, INCLUDING ALLOY TOOL STEEL, PREVAILING IN A RECENT REPRESENTATIVE PERIOD AND A DESIRE TO PROVIDE FAIR AND EQUITABLE TREATMENT TO EXPORTING COUNTRIES. THE INTERNATIONAL TRADE COMMISSION RECENTLY REVIEWED THE NEED FOR THE PRESENT QUOTA LEVELS AND IN JANUARY OF THIS YEAR THE PRESIDENT DECIDED THAT THEY SHOULD BE RETAINED.

THE DEPARTMENT WOULD ALSO LIKE TO POINT OUT THAT THE LEVELS OF PERMISSIBLE IMPORTS PROPOSED BY THE GOVERNMENT OF THE ARGENTINE REPUBLIC IMPLY A SUBSTANTIAL INCREASE IN SHIPMENTS ABOVE THOSE SUPPLIED BY ARGENTINA DURING UNCLASSIFIED

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THE PERIOD WHICH THE PRESIDENT DETERMINED TO BE REPRESENTATIVE FOR TRADE IN SPECIALTY STEEL. IF SUCH INCREASED LEVELS OF SHIPMENTS WERE TO BE PERMITTED FROM ONE SUPPLYING COUNTRY, SUCH AS THE ARGENTINE REPUBLIC, CONSIDERATIONS OF FAIR AND EQUITABLE TREATMENT WOULD REQUIRE THAT CORRESPONDINGLY INCREASED LEVELS SHOULD BE PERMITTED FROM ALL OTHER SUPPLYING COUNTRIES, SOME OF WHOM HAVE MADE REQUESTS SIMILAR TO THOSE OF THE GOVERNMENT OF THE ARGENTINE REPUBLIC. ON SUCH AN ADJUSTED BASIS, AGGREGATE IMPORTS OF VARIOUS CATEGORIES OF SPECIALTY STEEL PRODUCTS WOULD BE SUBSTANTIALLY IN EXCESS OF THE LEVELS WHICH THE PRESIDENT RECENTLY DETERMINED SHOULD BE RETAINED TO PROVIDE RELIEF TO THE UNITED STATES INDUSTRY.

WHILE IT IS NOT POSSIBLE TO REVISE THE IMPORT RELIEF PROGRAM NOW TO PERMIT ADDITIONAL IMPORTS OF SPECIALTY STEEL, THE DEPARTMENT DESIRES TO NOTE THAT THE PROGRAM IS LIMITED TO A PERIOD OF THREE YEARS, RATHER THAN FOR A PERIOD OF FIVE YEARS AS PROPOSED BY THE INTERNATIONAL TRADE COMMISSION. THE SECOND OF THE THREE QUOTA YEARS IS NEARLY OVER AND, UNLESS THE PERIOD OF ITS EFFECTIVENESS IS MODIFIED, THE IMPORT RELIEF PROGRAM WILL NOT APPLY

AFTER JUNE 13, 1979. END QUOTE.

3. ALTHOUGH NOT THE SUBJECT OF COMMENT IN OUR REPLY, THE AUSTRIAN SITUATION DEFERRED IN IMPORTANT RESPECTS FROM THAT OF ARGENTINA. AUSTRIA HAS BEEN AN IMPORTANT SOURCE OF UNITED STATES IMPORTS OF ALLOY TOOL STEEL FOR MANY YEARS AND IMPORTS FROM THAT COUNTRY IN THE REPRESENTATIVE PERIOD WERE GREATER THAN THOSE FROM CANADA, A COUNTRY WHICH HAD BEEN GRANTED A QUOTA ALLOCATION (COUNTRY ALLOCATIONS WERE DETERMINED ON THE BASIS OF AGGREGATE IMPORTS OF ALL FIVE CATEGORIES OF SPECIALTY STEEL PRODUCTS IN THE REPRESENTATIVE PERIOD, I.E., 1971/75). DURING THE FIRST QUOTA YEAR IMPORTS OF ALLOY TOOL STEEL FROM AUSTRIA DECLINED TO A LEVEL SUBSTANTIALLY UNCLASSIFIED

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BELOW THAT PREVAILING DURING THE REPRESENTATIVE PERIOD. THE ALLOY TOOL STEEL QUOTA ALLOCATIONS GRANTED TO AUSTRIA FOR THE SECOND AND THIRD QUOTA YEARS BEGINNING JUNE 14, 1977 AND JUNE 14, 1978, RESPECTIVELY, REFLECTS THE PROPORTIONATE SHARE OF TOTAL IMPORTS OF ALLOY TOOL STEEL SUPPLIED BY THAT COUNTRY DURING THE REPRESENTATIVE PERIOD, ADJUSTED TO TAKE INTO ACCOUNT THE THREE PERCENT ANNUAL GROWTH PROVISION OF THE IMPORT RELIEF PROGRAM. (THE ALLOY TOOL STEEL QUOTA ALLOCATION TO "OTHER COUNTRIES" (COLUMN ONE) FOR THE SECOND AND THIRD RESTRAINT YEARS ALSO REFLECTS A SIMILAR ADJUSTMENT). ARGENTINA, ON THE OTHER HAND WAS A MINOR SUPPLIER OF ALLOY TOOL STEEL DURING THE REPRESENTATIVE PERIOD. IMPORTS OF ALLOY TOOL STEEL FROM ARGENTINA DURING THE FIRST AND SECOND QUOTA YEARS HAVE, HOWEVER, BEEN SUBSTANTIALLY ABOVE THE LEVEL OF IMPORTS FROM THAT COUNTRY DURING THE REPRESENTATIVE PERIOD AS SHOWN IN THE FOLLOWING TABULATION:

QUANTITY IN TONS

REPRESENTATIVE PERIOD	
(1971/75 AVG.)	90
FIRST RESTRAINT PERIOD	770
SECOND RESTRAINT PERIOD	443

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